

# FISCAL NOTE

**Bill #:** SB0401

**Title:** Redefine agricultural use for fuel tax refunds

**Primary**

**Sponsor:** Ric Holden

**Status:** As amended on the House Floor

Sponsor signature	Date	Dave Lewis, Budget Director	Date
-------------------	------	-----------------------------	------

## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>		
State Special Revenue	\$14,105	\$24,199
<b>Revenue:</b>		
State Special Revenue	(\$643,528)	(\$643,528)
<b>Net Impact on General Fund Balance:</b>	<b>\$0</b>	<b>\$0</b>

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Transportation:**

- The average agriculture refunds and number of requests for gas and diesel in FY 1998 are:

Standard % of Refund	Percentage of Ag. Income	Number of Applicants		Gallons		Dollars Refunded	
		Gas	Diesel	Gas	Diesel	Gas	Diesel
50%	49-40%	1604.6	340.6	1470	827	\$318,432.87	\$ 39,082.57
40%	39-30%	1604.6	340.6	1470	827	\$254,746.30	\$ 31,266.06
No refund allowed	< 30%	4813.8	1021.8			\$ -	\$ -
Totals		8023	1703			\$573,179.17	\$70,348.63

- All assumptions are based on an equal number of applicants for each percentage of agriculture income.
- The applicants whose ratio of agriculture income to gross income falls between 40 and 45% will be eligible for a refund of 50% of gas or special fuel taxes.
- All who applied for a diesel refund also applied for a gas refund.

(continued)

5. The total number of 1997 schedule F filed by Montana residents was 23,970. (Does not include partnerships, corporations, or nonresident filers.)

6. Calculation to estimate number of new refund applicants for gasoline:

Number of individual schedule F filers	23,970
Estimated corporations, partnerships and others	<u>1,000</u>
Estimated total applicants	24,970
Less, number of current applicants	<u>8,923</u>
Estimated total eligible applicants	16,047
Estimated number of eligible applicants who will participate	<u>x 50%</u>
Estimated number of new refund applicants	<u>8,023</u>

7. Estimated number of new diesel applicants:

Estimated new gasoline applicants	8,023
Percentage of applicants also requesting diesel refunds (1894/8923)	<u>x 21.23%</u>
Estimated new applicants	<u>1,703</u>

8. The average amount refunded to the new filers will be 50% of the current filers.

9. Refunds will increase by \$573,179 for gasoline and \$70,349 for diesel. (from table above)

10. The filers for non-agricultural refunds will not change.

11. The increased volume of refund requests and additional percentage of income calculations and verification will require an increase of 0.50 FTE in fiscal 2000 and 1.00 FTE in fiscal 2001.

12. The bill will be in effect as of the beginning of FY 2000.

13. Operating costs per FTE in FY 2000 will be \$2,651 (\$3,976 for 1.5 FTE) and in FY 2001 will be \$2,640 (\$3,960 for 1.50 FTE).

14. Additional one-time-only operating costs of \$10,000 in FY 2000 will be needed.

**FISCAL IMPACT:**

	<u>FY2000</u>	<u>FY2001</u>
	<u>Difference</u>	<u>Difference</u>
<b>Department of Transportation:</b>		
FTE	0.50	1.00

**Expenditures:**

Personal Services	\$10,780	\$21,559
Operating Expenses	<u>\$3,325</u>	<u>\$2,640</u>
TOTAL	\$14,105	\$24,199

**Funding:**

State Special Revenue (02)	\$14,105	\$24,199
----------------------------	----------	----------

**Revenues:**

State Special Revenue (02)	(\$643,528)	(\$643,528)
----------------------------	-------------	-------------

**Net Impact to Fund Balance (Revenue minus Expenditure):**

State Special Revenue (02)	(\$657,633)	(\$667,727)
----------------------------	-------------	-------------

**LONG-RANGE IMPACTS:**

The Department of Transportation will refund an additional \$643,528 from highway earmarked revenues per year.